

Message Text

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PAGE 01 TRIPOL 00670 031503Z

ACTION EB-08

INFO OCT-01 NEA-11 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 /127 W

-----008093 031819Z /72

R 031410Z MAY 78

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 5457

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E.O. 11652: N/A

TAGS: ENRG, LY

SUBJECT: LIBYA REDUCES CRUDE OIL POSTED PRICE

REF: (A) TRIPOLI 0121, (B) TRIPOLI 0612

1. LOCAL OIL COMPANY EXECUTIVE ADVISES THAT LIBYANS HAVE REDUCED POSTED PRICE FOR EQUITY OIL EFFECTIVE MAY 1 FROM \$18.34 TO \$18.17 PER BARREL OF 40 DEGREE API GRAVITY.

2. AS NOTED REFTTEL B, LIBYAN POSTED PRICES WERE NOT REDUCED WHEN OFFICIAL SELLING PRICES (OSP) WERE REDUCED BY FROM 10 CENTS TO 15 CENTS PER BARREL EFFECTIVE APRIL 1. COMPANIES HAVE SUBSEQUENTLY PRESSURED GOVERNMENT TO REDUCE POSTED PRICES AS WELL. AS EXPLAINED BY ONE EXECUTIVE, REDUCTION IN OSP WITHOUT PROPORTIONATE REDUCTION IN POSTED PRICE WAS COSTING COMPANIES MONEY ON THEIR EQUITY CRUDE SALES SINCE THEIR TRANSFER PRICE IS THE OSP AND LOWER OSP WAS NOT ACCOMPANIED BY LOWER TAX AND ROYALTY OBLIGATION TO GOVERNMENT. (WE ARE AWARE OF INTRICACIES OF PETROLEUM PRICING AND CANNOT VERIFY ASSERTION THAT TRANSFER PRICE EQUALS OSP AND THAT CRUDE-OIL RECEIVING AFFILIATES PASS ON TRANSFER PRICE REDUCTIONS TO THEIR CUSTOMERS.) PRESENT REDUCTION IN POSTED PRICE REDUCES

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PAYMENTS TO GOVERNMENT BY AVERAGE OF ABOUT 11 CENTS PER BARREL, ELIMINATES LOSS TO COMPANIES MENTIONED ABOVE, AND MEANS THAT GOVERNMENT WILL HENCEFORTH BEAR FULL COST OF APRIL 1 REDUCTIONS. ACCORDING TO INDUSTRY SOURCE, POSTED PRICE REDUCTION WILL HAVE POSITIVE U.S. BALANCE-OF-PAYMENTS IMPACT OF SOME \$20 MILLION FOR REMAINDER OF 1978, BECAUSE OF LOWER TAX AND ROYALTY PAYMENTS TO

LIBYAN GOVERNMENT.
CARLE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTS, PRICE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t19780595/aaaaddmj.tel
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Litigation History:
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Message ID: 65f898a4-c288-dd11-92da-001cc4696bcc
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Reference: 78 TRIPOLI 121, 78 TRIPOLI 612
Retention: 0
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Review Content Flags:
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Review Exemptions: n/a
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Secure: OPEN
Status: NATIVE
Subject: LIBYA REDUCES CRUDE OIL POSTED PRICE
TAGS: ENRG, LY
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/65f898a4-c288-dd11-92da-001cc4696bcc
Review Markings:
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